



via email (techforum@bpa.gov)

U.S. Department of Energy
Bonneville Power Administration
Transmission Services

November 20, 2023

Re: Renewable Northwest Comments on the October Workshop Evaluating Bonneville's Potential Day Ahead Market Participation.

Renewable Northwest ("RNW") applauds the transparency provided by Bonneville Power Administration ("BPA") in advance of the workshop on October 23, 2023 (the "October Workshop") regarding the business case available to support a policy leaning for potential day-ahead market ("DAM") participation, but remains concerned with BPA's procedural schedule given the data currently available to support BPA's decision. While the discussion of the Western Markets Exploratory Group ("WMEG") study results is helpful in understanding BPA's approach to making a policy decision, it also raises questions as to the sufficiency of the analysis currently available to do so.

There is little doubt that a DAM, with or without a full Independent System Operator ("ISO") or Regional Transmission Organization ("RTO"), could provide BPA and its customers substantial economic and non-economic benefits. RNW supports BPA's exploration of its DAM alternatives. As discussed in more detail below, however, key issues involving footprint composition and market features that are poised to feature prominently on BPA's analysis are still being developed. Moreover, BPA's position on wheeling revenue reductions¹ warrants additional discussion, which BPA's proposed schedule does not permit. With only one public meeting remaining before the agency plans to determine a policy leaning, RNW asks BPA to consider whether it is reasonable to continue with its proposed schedule, and if so, to explain the impact a final record of decision ("ROD") in February may have on the agency's ultimate DAM participation decision(s).

I. The WMEG Study Results are Illustrative and Insufficient to Support BPA's Decision

RNW appreciates the voluminous amount of data posted by BPA, which allows stakeholders to evaluate the WMEG study results themselves, and the candid responses

¹ BPA believes its long-term transmission contracts shield the agency from the wheeling revenue reductions forecasted by E3, and thus, removed the wheeling revenue reductions calculated by E3 when presenting the results of the WMEG study. See Bonneville Power Administration, Bonneville's Public Engagement for Establishing a Policy Direction on Potential Day Ahead Market Participation Workshop 3 at 20 (Oct. 23, 2023) ("October Slide Deck").

provided by BPA staff regarding some of the thornier issues with the study.² While additional time is needed to dig into the data files posted, RNW's main takeaway from the October Workshop is that the current level of analysis available is inadequate to support a final agency action or policy leaning. RNW welcomes further discussions of the costs and benefits associated with BPA DAM alternatives.

At the October Workshop, BPA clarified that the WMEG study was only one of the studies that BPA would be considering, and that BPA considered the WMEG study results as illustrative. RNW agrees that the WMEG study should be considered illustrative as it compares three footprint options, two of which are not possible given recent DAM announcements.³ RNW is unaware of any other studies BPA may be relying on to make its decision and would appreciate clarification from BPA on how the agency plans to transparently explore any additional studies within the current schedule for public meetings.

RNW would also like to hear more about the wheeling revenue reductions in the WMEG study, including BPA's revisions to those calculations and whether BPA believes any other adjustments are warranted. Absent additional discussion on this topic, RNW notes that the WMEG study and BPA's presentation of its results underscore the complexity around transmission rights as compared to the modeling of congestion and wheeling revenues, and how access to transmission, along with other export/seams issues, creates a potential to raise DAM costs across the West.⁴ RNW respectfully requests more discussion, analysis of this issue.

RNW appreciates that BPA may ultimately need to make a DAM decision based on a combination of quantitative and qualitative information, much of which could be forecasted and/or not yet certain. However, given the impact BPA's decision will have, and the state of the analysis that appears to be available to support BPA's business case, RNW urges BPA not to rush its DAM decision. BPA's customers must understand the magnitude of the tradeoffs BPA is weighing to support the agency's DAM choice. The WMEG study is a great starting point, but additional quantitative work is needed.

II. Uncertainty Around the Markets+ Tariff Filing Warrants Additional Time to Properly Evaluate BPA's Alternatives

RNW applauds BPA for working with the Southwest Power Pool ("SPP") during the development of Markets+ instead of waiting to simply react to it, but BPA cannot adequately evaluate the SPP alternative against the California ISO Extended Day-Ahead Market ("EDAM")

² E.g., the utilities that participated and/or funded the WMEG study struggled to agree on appropriate assumptions and were ultimately unable to agree on a common message about the results.

³ The business as usual ("BAU") cases assumes that nobody joins either DAM, the EDAM Bookend models a single West-wide market by assuming that everyone joins EDAM, and the Main Split modeled one potential footprint split where almost everyone joins Markets+.

⁴ See Bonneville Power Administration, October Slide Deck at 9 ("Footprint and transmission connectivity are significant drivers of monetary benefits").

alternative until the Markets+ product has been fully developed, let alone filed and/or approved by the Federal Energy Regulatory Commission.

Notably, RNW is worried about the delayed formation of tariff language around a key market feature for the region, specifically GHG policies and various state requirements on reducing GHGs associated with electricity generation, which would impact BPA customers. While the Markets+ Participant Executive Committee (“MPEC”) recently gave the GHG task force an additional four to eight weeks to work on GHG tariff language to address GHG-pricing policies like those that exist in Washington, RNW is worried that the lack of tariff language on GHG non-pricing policies, which would apply in Oregon, will introduce significant uncertainty into BPA’s analysis of the GHG policies in its DAM alternatives. It was clear at the November MPEC meeting that the non-pricing tariff language would not be addressed until “phase 2” given its complexity. The timeline implications here are unclear—both for Markets+ and for BPA’s DAM analysis. RNW respectfully suggests that BPA similarly allow more time for its analysis and provide detail on how it will consider a market tariff that is still developing a suite of GHG policies that will impact BPA’s footprint.

If BPA is unable to provide additional time for stakeholder review, it will be imperative for BPA to explain the urgency of its self-imposed February deadline, and especially in light of the current state of data available to support a cost-benefit analysis and delays in the development of key market features. Additionally, BPA should explain how the administrator’s decision will impact BPA’s ability to continue evaluating its DAM options. For example, whether BPA will continue to invest money in the technology that was needed to implement BPA’s Western Energy Imbalance (“EIM”) participation, when BPA will begin investing money in any technology needed to implement its Markets+ participation, and how/when those costs will be recovered.

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RNW appreciates BPA’s consideration of these comments and welcomes any follow up questions or clarifications. Nothing contained in these comments constitutes a waiver or relinquishment of any rights or remedies provided by applicable law or under BPA’s tariff or otherwise under contract.

Respectfully submitted on behalf of RNW,



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